

§ 221.54

24 CFR Ch. II (4–1–00 Edition)

mortgagor other than a mortgagor qualifying as a “displaced family” (as that term is defined in section 221(f) of the Act) shall have paid in cash or its equivalent at least 3 percent of the Commissioner’s estimate of the acquisition cost of the property.

(b) At the time the mortgage on a two-, three-, or four-family dwelling is insured, a mortgagor other than a mortgagor qualifying as a displaced family shall have paid in cash or its equivalent at least the minimum amount required pursuant to the loan-to-value limitations as set forth below.

(1) *Loan-to-value limitation—principal residences—approval before construction.* If the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in § 221.20(c)(1)) and is approved for mortgage insurance before the beginning of construction, or was completed more than one year before the date of the application for mortgage insurance, the sum of the following percentages of the Commissioner’s estimate of the appraised value of the property as of the date the mortgage is accepted for insurance constitutes the maximum loan-to-value ratio:

- (i) 97 percent of the first \$25,000 of such value.
- (ii) 95 percent of such value in excess of \$25,000.
- (iii) 80 percent of such value in excess of \$35,000.

(2) *Loan-to-value limitation—principal residences—no prior approval.* A loan-to-value limitation of 90 percent of the appraised value of the property as of the date the mortgage is accepted for insurance is required, if (i) the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in § 221.20(c)) and (ii) the dwelling does not meet the requirements contained in paragraph (b)(1) of this section.

(3) *Loan-to-value limitation—secondary residences.* A loan-to-value limitation of 85 percent of the appraised value of the property as of the date the mortgage is accepted for insurance is required, if the mortgage covers a dwelling that is to be occupied as a secondary residence (as defined in § 221.20(c)).

(4) *Loan-to-value limitation—mortgagors of dwellings that are not principal or secondary residences.* A loan-to-value

limitation on the appraised value of the property for the appropriate loan type under paragraphs (a) (1) through (3) of this section is applicable with respect to eligible non-occupant mortgagors (as defined in § 221.20(c)), if the mortgage covers a dwelling referred to in § 221.20(b).

(c) A mortgagor qualifying as a displaced family shall have paid in cash or its equivalent on account of the property, at the time the mortgage is insured, not less than:

- (1) Two hundred dollars for a one-family dwelling;
- (2) Four hundred dollars for a two-family dwelling;
- (3) Six hundred dollars for a three-family dwelling;
- (4) Eight hundred dollars for a four-family dwelling.

[37 FR 23161, Oct. 31, 1972, as amended at 39 FR 32433, Sept. 6, 1974; 42 FR 57435, Nov. 2, 1977; 55 FR 34809, Aug. 24, 1990; 61 FR 60160, Nov. 26, 1996]

§ 221.54 Inclusion of closing costs and expenses in cash payment.

The mortgagor’s required minimum investment may include amounts covering settlement costs, initial payments for taxes, hazard insurance premiums, mortgage insurance premiums, and other prepaid expenses as approved by the Commissioner.

§ 221.55 Deferred sale of properties.

A mortgagor under a mortgage covering a one-family dwelling may, subject to such terms and conditions as the Commissioner may prescribe, be permitted to sell the property to a displaced person on a deferred payment basis, to provide for the accumulation of the required cash payment.

Subpart B—Contract Rights and Obligations—Low Cost Homes

§ 221.251 Cross-reference.

(a) All of the provisions of subpart B, part 203 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages covering one- to four-family dwellings insured under section 221 of the National Housing Act, except the following provisions:
Sec.

- 203.258 Substitute mortgagors.
- 203.259a Scope.
- 203.260 Amount of Mortgage Insurance Premium (MIP).
- 203.261 Calculation of MIP.
- 203.262 Due date of MIP.
- 203.264 Payment of MIP.
- 203.266 Period covered by MIP.
- 203.268 Pro rata payment of MIP.
- 203.280 One-time MIP.
- 203.281 Calculation of one-time MIP.
- 203.282 Mortgagee's late charge and interest.
- 203.283 Refund of one-time MIP.
- 203.288 Discontinuance of adjusted premium charge.
- 203.295 Voluntary termination of insurance.
- 203.389 Waived title objections.
- 203.400 Method of payment.
- 203.420 Nature of Mutual Mortgage Insurance Fund.
- 203.421 Allocation of Mutual Mortgage Insurance Fund income or loss.
- 203.422 Right and liability under Mutual Mortgage Insurance Fund.
- 203.423 Distribution of distributive shares.
- 203.424 Maximum amount of distributive shares.
- 203.425 Finality of determination.
- 203.436 Claim procedure—graduated payment mortgages.
- 203.438 Mortgages on Indian land insured pursuant to section 248 of the National Housing Act.
- 203.439 Mortgages on Hawaiian home lands insured pursuant to section 247 of the National Housing Act.
- 203.439a Mortgages on property in Allegany Reservation of Seneca Nation of Indians authorized by section 203(q) of the National Housing Act.

(b) For the purposes of this subpart, all references in part 203 of this chapter to section 203 of the Act shall be construed to refer to section 221 of the Act, and all references to the Mutual Mortgage Insurance Fund shall be construed to refer to the General Insurance Fund.

[36 FR 24587, Dec. 22, 1971, as amended at 37 FR 8663, Apr. 29, 1972; 41 FR 42949, Sept. 29, 1976; 42 FR 29304, June 8, 1977; 47 FR 30754, July 15, 1982; 48 FR 28807, June 23, 1983; 51 FR 21874, June 16, 1986; 52 FR 8069, Mar. 16, 1987; 52 FR 28470, July 30, 1987; 52 FR 48204, Dec. 21, 1987; 53 FR 9869, Mar. 28, 1988; 55 FR 34810, Aug. 24, 1990; 61 FR 37801, July 19, 1996]

§ 221.252 Substitute mortgagors.

(a) *Selling mortgagor.* The mortgagee may effect the release of a mortgagor from personal liability on the mortgage note only if it obtains the Com-

missioner's approval of a substitute mortgagor, as provided by this section.

(b) *Purchasing mortgagor.* The Commissioner may approve a substitute mortgagor with respect to any mortgage insured under subpart A of this part, if the substitute mortgagor is to occupy the dwelling as a principal residence or a secondary residence (as these terms are defined in § 221.20(c)) or is a private nonprofit or public entity as provided in section 221(h) of the National Housing Act.

(c) *Applicability—current mortgagor.* Paragraph (b) of this section applies to the Commissioner's approval of a substitute mortgagor, only if the mortgage executed by the original mortgagor met the conditions of § 203.258(c) of this chapter.

(d) *Applicability—earlier mortgagor.* The occupancy and similar requirements set forth in § 203.258(d) of this chapter apply to mortgages insured under subpart A of this part.

(e) Mortgagees approved for participation in the Direct Endorsement program under § 203.3 of this chapter may, subject to limitations established by the Commissioner, themselves approve an appropriate substitute mortgagor under the section and need not obtain further specific approval from the Commissioner.

(f) *Definition.* As used in this section, the term *substitute mortgagor* includes:

(1) Persons who, upon the release by a mortgagee of a previous mortgagor from personal liability on the mortgage note, assume this liability and agree to pay the mortgage debts and

(2) Persons who purchase without assuming liability on the mortgage note or purchase where no release is given by the mortgagee to the previous mortgagor.

[55 FR 34810, Aug. 24, 1990, as amended at 57 FR 58351, Dec. 9, 1992]

§ 221.254 Mortgage insurance premiums.

(a) All of the provisions of §§ 203.260 through 203.295 of this chapter relating to mortgage insurance premiums shall apply to mortgages insured under this subpart, except that as to mortgages meeting the special requirements of § 221.60 or § 221.65, such provisions shall